Opening Statement

Manitoba Eco-Network and Environmental Defence Canada (MEED)
Manitoba Hydro Joint IRP & MNF Review
July 27, 2026

Elson Advocacy

Key ask re MNF application

- Defer gas plant decision and build date by 3-8 years

1. Forecast capacity deficit is small and uncertain
2. Cheaper and more flexible bridging options exist
3. Value of deferral is huge
    - *Financial savings, much better planning, much better information*

Facility deferral: need

- Forecast capacity deficit is small and uncertain
  1. Traditional supply, demand, reserve margin analysis: < 200 MW deficit for 8 years
  2. PSR model: expert witness critiques
  3. Monte Carlo simulation: consistent with low need; *ex poste* justification
  4. Alarmist scenarios: would result in massive overbuild

Winter Capacity Deficit per Traditional Reserve Margin Analysis (ELF 2024)							
2030/31	**2031/32**	**2032/33**	**2033/34**	2034/35	2035/36	2036/37	2037/38
-111 MW	-85 MW	-126 MW	-133 MW	-175 MW	-72 MW	-199 MW	-186 MW

Facility deferral: bridging options

1. Imports
   - Diversity exchanges
   - Firm multi-year contracts
   - Shorter term purchases
2. Battery storage
   - Less than 50% the capital cost of gas (per MW)
   - Faster to deploy (2 to 2.5 years)
   - Cheaper to operate (per MWh), especially compared to clean gases
   - Other value streams – price arbitrage, transmission/distribution savings, cheaper source of operating reserves, assist water management, etc.
   - More reliable than gas
   - High capacity accreditation initially
   - Manitoba Hydro analysis deficient

Facility deferral: value of deferral

- Value of deferral is huge
- Financial benefit very large on a multi-billion project
- Planning benefits: improve MNF analysis
- Informational benefits:
  - Better load projections (incl. additional years of actuals)
  - Better resource option costs (e.g. will the cost of BESS/renewables continue to fall)
  - Updated climate policy in (e.g. fossil fuel restrictions; non-fossil incentives)
  - Better information on alternatives (import availability, western interconnect, etc.)
  - Better information on non-fossil gas plants (hydrogen technology; RNG cost/availability)
- Mitigate energy transition uncertainty

Key ask re IRP application

- Expert IRP recommendations
- Next Centra GRA case should address gas IRP issues (i.e. develop a plan for the future of the gas system)
  - The current IRP is effectively electric-only
  - 2050 net zero target is less than 25 years away
  - Risk of increasing rates from declining use is high
  - Risk mitigation options must be considered now
    - *Reduce capital spending*
    - *Guard rails against cross-subsidization by electric ratepayers*
    - *Reduce utility spending and debt on new connections*
    - *Consider depreciation policy changes*
    - *Consider diversification (e.g. network geothermal)*
    - *Etc.*

Decarbonization cost optimization study:

- "Electrifying almost all building heat is the most cost-effective path to net zero" (p. 10)
- Manitoba: 93% decline in buildings (p. 17)
- More if consider rate impacts on demand & thermal storage (p. 19 & 34)